Weekly Economic Review

Retail activity hits a new high

Retail Sales

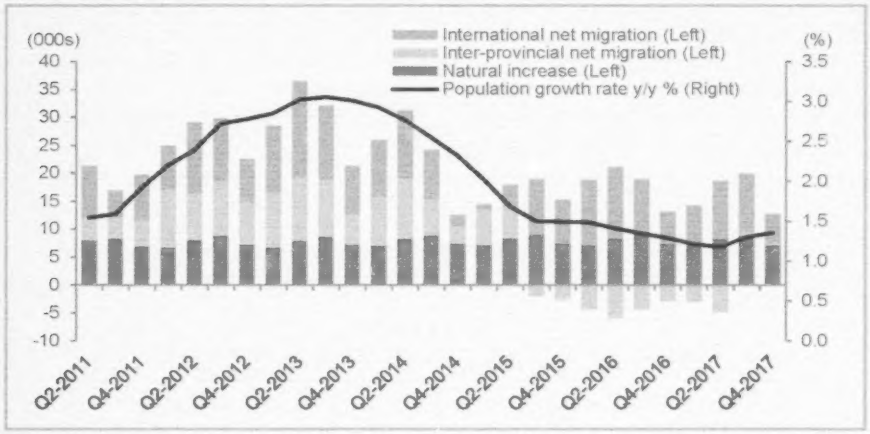
Solid start to 2018

Retail sales started 2018 on a solid footing. Retail sales rose 0.5% month-over-month (m/m) to reach a new high in January, more than reversing the declines in the previous two months as sales increased at gasoline stations. On a year-over-year basis, gains in retails sales eased to 2.1% following a surge in activity in late 2016 and early 2017 (Chart 1). Even so, all categories were higher than last year's levels, led by strong gains at building materials and garden supplies, and furniture and home furnishings stores. Meanwhile, sales at motor vehicle and parts dealers moderated after strong sales throughout 2017.

Chart 1: Retail sales bounce back to reach a new high
Alberta retail sales (SA)

Source: Statistics Canada

Chart 2: Population growth picking up
Alberta components of population change



Source: Statistics Canada

Population

Alberta leads population growth among provinces

The fourth quarter of 2017 marked the first time in two and a half years that Alberta led the provinces in population growth. Alberta's population stood at 4,318,772 as of January 1st, 2018, an increase of 12,733 from the previous quarter. Growth accelerated to 1.4% y/y, up from 1.3% y/y in the previous quarter. Interprovincial migration continued to turn a corner with a net inflow of 300 people from other provinces between October and December, the second quarterly gain after two years of net losses. Natural increase and international migration continued to be a key drivers of the gains (Chart 2).

Consumer Price Index

Energy prices lift inflation

Consumer prices in Alberta continued to pick up in February. The consumer price index (CPI) rose 2.2% y/y, mostly a result of higher gasoline prices which rose 15% from last year's level. Excluding energy, inflation ticked up 0.2 percentage points to 1.5% y/y, lifted by prices for services, which rose at its fastest pace since January 2017 (+1.8% y/y). This was moderated by lower prices for furniture and home entertainment equipment.

Wholesale Trade

Sales hold steady in January

Alberta's wholesale trade sector held onto the gains recorded last year. The value of Alberta's wholesale trade sector was roughly unchanged (-0.1% m/m) at $6.8 billion in January as declines in three categories offset gains elsewhere (Chart 3). Building materials and supplies pulled back 7.9% m/m after a spike last month. Sales were also weaker for food, beverage, and tobacco products as well as farm products. These were moderated by increases in motor vehicle and parts, which rebounded from a 13-month low, and continued strength of machinery and equipment sales. Compared to January 2017, sales increased 10%.

New Housing Investment

Momentum slows

Momentum in new housing investment continues to ease throughout the seasonally weak winter months. Investment in new housing declined for the fourth month in a row in January, bringing the year-over-year growth down to 15% from a peak of 26% in August 2017. While the slowing momentum has been most pronounced in singles, investment continues to be higher than last year's level (+16% y/y). Year-over-year gains in multiples continue to increase (Chart 4), largely driven by row housing which rebounded from a low in January 2017. Even though the momentum has slowed from the August 2017 peak, the level of new housing investment continues to improve from a year ago.

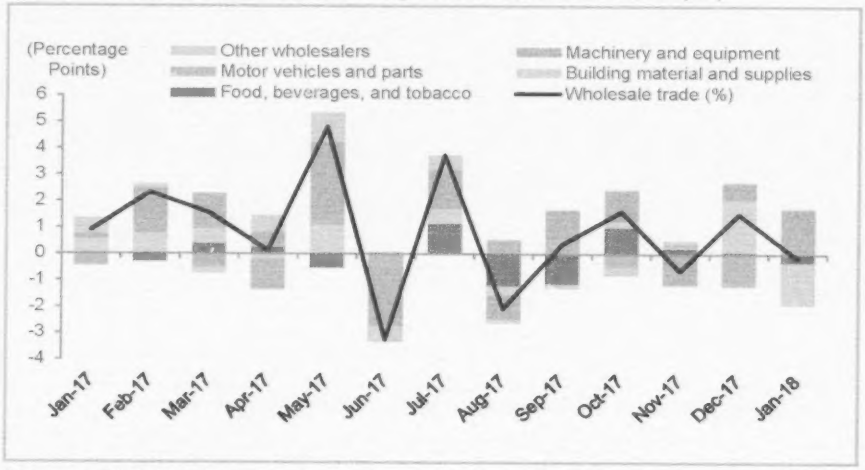
Employment Insurance

EI claims fall with fewer renewals

The number of Albertans filing for Employment Insurance (EI) continued to recede in January. The seasonally adjusted number of EI claims received declined 4.6% m/m to a three-year low of 23,180. EI claims have come down since October 2016 as the number of renewal claims pulled back following the surge due to the extension program. With EI claims easing, the number of Albertans receiving regular EI benefits has levelled off. In January, EI benficaries were down 29% from last year.

Chart 3: Alberta sales hold steady

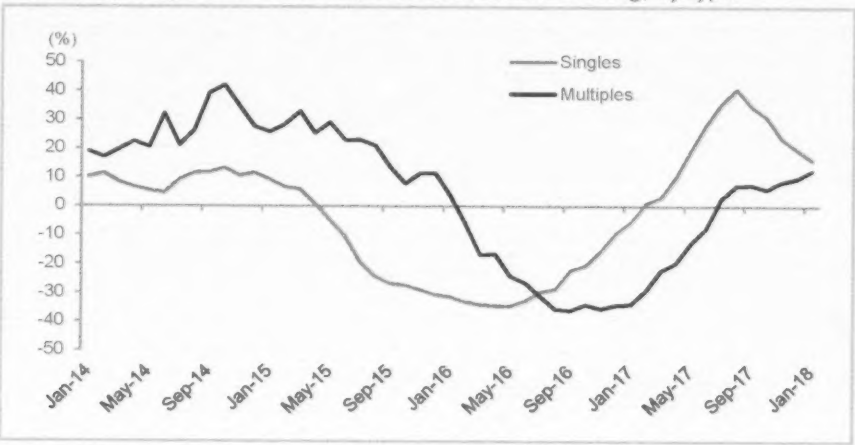
Contributions to month-over-month growth in wholesale trade (SA)



Source: Statistics Canada

Chart 4: Momentum slows in singles

Year-over-year growth in Alberta investment in new housing, by type



Source: Statistics Canada

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.